

(g) *Contract method.* If the contract amount is greater than \$200,000 and is not of the design/build method, the following conditions must be met:

(1) *Procurement method.* Procurement method shall comply with the requirements of 7 CFR subpart C of part 1780, §§1780.72, 1780.75, and 1780.76 of this title.

(2) *Forms used.* The AIA Form A101, "Standard Form of Agreement Between Owner/Contractor," or Engineering Joint Counsel Document Committee (EJCDC) Form C-521, "Suggested Form of Agreement Between Owner and Contractor (Stipulated Price) Funding Agency Edition," should be used. Other Agency approved contract documents may be used provided they are customarily used in the area and protect the interest of the applicant and the Agency with respect to compliance with items such as the drawings, specifications, payments for work, inspections, completion, non-discrimination in construction work, and acceptance of the work. The Agency will not become a party to a construction contract or incur any liability under it. No contract shall become effective until concurred in writing by the Agency. Such concurrence statement shall be attached to and made a part of the contract.

(3) *Contract provisions.* Contracts will have a listing of attachments and shall meet the requirements of 7 CFR subpart C of part 1780, §1780.75 of this title and the following requirements:

- (i) The contract sum;
- (ii) The dates for starting and completing the work;
- (iii) The amount of liquidated damages, if any, to be charged;
- (iv) The amount, method, and frequency of payment;
- (v) Surety provisions that meet the requirements of 7 CFR subpart C of part 1780, §1780.75(c) of this title;
- (vi) The requirement that changes or additions must have prior written approval of the Agency;
- (vii) The warranty period to be provided in accordance with Appendices A and B, sections 1 through 10, paragraph (i);
- (viii) Contract review and concurrence in accordance with 7 CFR sub-

part C of part 1780, §1780.61(b) of this title;

(ix) Owner's contractual responsibility in accordance with 7 CFR subpart C of part 1780, §1780.68 of this title; and

(x) Further contract provisions concerning remedies, termination, surety, equal employment opportunity, anti-kickback, records, State energy conservation plan, change orders, Agency concurrence, retainage, and other compliance requirements must be met in accordance with 7 CFR subpart C of part 1780, §1780.75 of this title.

(4) *Obtaining bids and selecting a contractor.* The applicant may select a contractor based on competitive sealed bids, competitive negotiation, or non-competitive negotiation as described in 7 CFR subpart C of part 1780, §1780.72(b), (c), or (d) of this title.

(5) *Contract award.* Applicants awarding contracts must comply with 7 CFR subpart C of part 1780, §1780.70(h) of this title.

(6) *Contracts awarded prior to applications.* Applicants awarding contracts prior to filing an application must comply with 7 CFR subpart C of part 1780, §1780.74 of this title.

(7) *Contract administration.* Contract administration must comply with 7 CFR subpart C of part 1780, §1780.76 of this title. If another authority, such as a Federal or State Agency, is providing funding and requires oversight of inspections, change orders, and pay requests, the Agency may accept copies of their reports or forms as meeting oversight requirements of the Agency.

§4280.116 Grantee requirements.

(a) A Letter of Conditions will be prepared by the Agency, establishing conditions that must be understood and agreed to by the applicant before any obligation of funds can occur. The applicant must sign a "Letter of Intent to Meet Conditions" and Form RD 1940-1, "Request for Obligation of Funds," if they accept the conditions of the grant.

(b) The grantee must sign and abide by all requirements contained in Form RD 4280-2 and this subpart.